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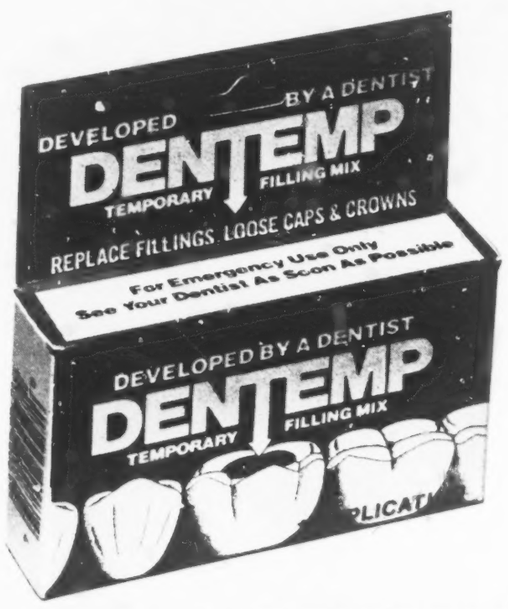

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PHARMACY℞

Feds O.K. limited Rx ads

Continued from page 37

Buffalo, Cleveland, Houston and Seattle during November and December 1983.

Each of the subjects was exposed to either TV or magazine ads for two fictitious prescription drugs: "Dirovin," an antihypertensive delivered through a skin patch, and "Artomine," an antiarthritic drug taken orally once a day.

Then each consumer was surveyed to determine "to what extent, if any, it was possible to convey risk information in consumer advertisements," and if so, whether the format of the ads contributed to patient recall, knowledge or attitudes.

Among the study's chief findings:

- Ads that contained a large amount of risk information successfully communicated that material, and there was no evidence of "information overload."
- Benefits of the drugs were recalled with greater frequency than risks, and "this was true even with ads containing a large amount of specific risk information."
- Television ads were more effective than magazine ads in conveying both risk information and promotional material to the subjects.
- Although the attitudes of the subjects toward direct-to-consumer ads were favorable, some participants expressed concerns about this type of promotion.

Altogether, the F.D.A. researchers prepared 20 different ads for each of the two fictitious drugs, varying each by the amount of specific risk information presented, the emphasis placed on that information, the degree of specificity of risk information provided and the media (TV and print). In addition, two "control" ads were produced—one with no risk information at all, and one containing the full text of a "patient package insert" (PPI).

Noting that TV Rx commercials produced significantly higher information recall rates among the consumer surveyed, F.D.A. project chief Louis Morris said that "for the television ads, only 3% of the subjects indicated that they did not remember the main point and about 10% indicated they did not recall any additional points made in the ads."

In contrast, one-fourth could not recall the main point of the magazine ads, "and about half said they did not remember any additional points," Morris said.

Although the consumers tended to recall information about the drug's benefits more frequently than information about risks (even for the ads top-heavy with risk information), viewers of the TV commercials were far more likely to remember drug warnings and other risk data, the study found.

In addition, "television led to significantly higher scores than the magazine on virtually all aspects of drug knowledge," Morris noted. "Providing specific risk information led to significantly greater recall in total and, in some instances, slightly greater recall of the promotional material."

Morris, who headed F.D.A.'s aborted mandatory PPI project during the early 1980's, also revealed that displaying a patient package insert in a print ad proved "inferior" to "most other forms of risk disclosure."

Although the researchers found somewhat better results by "scrolling" the text of the patient package insert during the TV commercial, Morris acknowledged that "there does not appear to be a great benefit to including a PPI in" television ads, even during a controlled experiment.

Moreover, he said, "whether people would read a scroll while viewing television in their home is doubtful."

Although physician groups have expressed concern that direct-to-consumer Rx advertising would "undermine the doctor-patient relationship," F.D.A.'s study found that most consumers trust their doctor more than a drug advertisement.

"Three quarters [74%] agreed that only a physician could tell if a drug should or should not be used," Morris said. Even more ego-deflating for the nation's pharmacists, the study also found that over half the subjects agreed that "only a physician could tell if an advertisement for a prescription drug was truthful or not."

Consumers exposed to Rx advertising "frequently" drew incorrect conclusions about "the effects of the products," Morris said, adding that "5% of the subjects viewing the high blood pressure drug ad said the main point of the ad was that the drug would make you strong."

Although 61% of the consumers surveyed told F.D.A. "they would like to see prescription drug advertisements," only half believed such ads would benefit the public, and another 50% said consumer Rx ads would drive up drug prices, the study found.

Wrong. This one costs more and still sells more, earns you more than all other brands combined.

Maybe lower prices will get people to switch brands in some categories, but not with witch hazel. Research proves that E.E. Dickinson's still outsells all the others in both units and dollars.*

Why? Because it's the only established national brand, America's favorite since 1866. The only one with national advertising.

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*Based on Towne-Oller report of sales, for 12 months through Sept., 1983.

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For beautiful healthy looking hair 15 FL OZ
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Today's Special
NEW Affinity Shampoo 11 FL.OZ.
PERMA SOFT CONDITIONER FOR PERMED HAIR 8 FL OZ

Mousse takes chains by storm

Rarely does a new category establish itself as quickly as the mousse products that have hit the market with considerable fanfare during the past several months.

But while the initial success of mousse would seem to signal the birth of a new hair care category, retailers are cautiously awaiting indications that the first-time users of the product will become repeat buyers.

In addition, as the mousse segment gains momentum, some chain drug buyers believe that the fledgling category's growth may still eventually come at the expense of hair care product standbys such as sprays as well as the newer, less established hair gel segment.

For drug retailers, their first introduction to mousse came during the Affiliated/Associated Buying Show in New York a year ago. At that time, mousse products marketed by L'Oreal and Helene Curtis were already receiving considerable attention in hair salons throughout the United States.

With an advertising budget pegged at

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Flood of new shampoos poses risks

The dilemma shoppers face in selecting which new shampoo or conditioner to try is nothing compared to the difficult choices confronting chain drug buyers.

They're in a quandary because they must decide which of the multitude of new products to find room for in an already crowded department.

Shampoo departments, according to Nielsen, now average 69 ft., and drug chains report that they can't enlarge them to accommodate new brands.

"Just because there are new products doesn't mean we expand the department," said Bill Pories, buyer for Peoples Drug.

What makes the category even trickier is that many of the new selections will fail. According to Diana Temple at Salomon Brothers, 9 out of 10 new shampoos falter. Plus, shampoos and conditioners have an average lifespan of less than three years.

What's more consumption is not rising as fast as product proliferation. The shampoo category totaled about $1.3 billion last year—a 3% dollar gain but only a 1% unit gain. "How much more can people shampoo their hair?" asks one buyer. Additionally, it's a fragmented market with only nine brands holding 3% or greater market share.

Since marketers no longer see opportunity for the explosive growth of yesteryear, they've decided to steal market share from each other. One way to do this is to target specific segments of the overall market. For example, Affinity by J&J is aimed at women over 40 (that market is expected to swell 15% by 1990 to a total of 52.4 million).

Perma Soft is directed toward the estimated 47% of the population with permed hair. And, Shulton hopes its newly acquired UltraSwim shampoo, conditioner and soap will appeal to 26 million plus adults who swim on a regular basis.

But manufacturers aren't letting the new brands speak for themselves—they're dangling the heaviest ad budgets ever in front of chain drug retailers. Revlon, for example, will spend close to $60 million in its advertising and couponing efforts. Lever Brothers is expected to shell out $60 million, Clairol $14 million (in advertising alone) and J&J $10 million with Affinity. If these numbers don't sound impressive, consider the average brand is backed by about $6 million.

Drug chains are paying attention. "You're almost obligated to carry anything that is backed with substantial television advertising," reports Bob Layne, buyer for Wellby Super Drugs. "There's no brand loyalty to speak of and that's why advertising becomes especially relevant in a decision to carry a product."

Adds a Midwest-based buyer, "I make sure we have it in our planograms if there is a great deal of support behind it."

Apparently, the ads have been working, and chains report requests for the new brands. Helen James, Hook's buyer, says her stores have already had requests for Perma Soft, and Dimension and Affinity both appear to be moving.

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Inside Merchandiser

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59 • Hair color sprays, perms, accessories round out hair care

MERCHANDISER

Shampoo flooding overflows drug chain shelves

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Dimension, according to one CVS source, has already come on strong and is hovering around the No. 2 spot for the Woonsocket, R.I.-based chain.

What has happened to older brands? According to chains surveyed by *Drug Store News*, the slower movers have been pared down and in some cases eliminated. "You have to force yourself to do line reviews," says Layne. "We just cut what isn't moving." Often, that means eliminating sku's so that only the 7 oz. and 15 oz. remain.

Among the brands trimmed, according to buyers, are Milk Plus Six, Aquamarine, Prell, Pert, FOHO, Body on Tap, Agree and L'Oreal. However, several "oldtimers" continue to be strong performers despite the new arrivals, and they remain untouched. Flex, for instance, still holds 6% of the shampoo market and 7% of conditioners. Finesse continues to sell, and now has a 2.5% share (it is assumed Finesse has been behind the 3.5% to 3% drop of Silkience). Others holding their share are Jhirmack, St. Ives, J&J Baby shampoo, Suave, Faberge Organics, Sassoon and, of course, Head & Shoulders, which remains the brand with the higher share of the market at 11.8%.

A few chains have used inventive methods to add the new shampoos without reducing too many sku's. James at Hook removed her dandruff shampoos and put them in their own department. Others said they cut back on hair sprays or colors.

To date, it is still to early to judge the outstanding performers. However, it is clear that the first brands out of the starting gate—Dimension, HDR, Perma Soft and Affinity—have moved well. Here's the scorecard on several of the other new brands:

- Jergen's Squeek has been "slow" to takeoff, according to one Midwest buyer. Introduced last September with a $9.2 million campaign, Squeek is directed at those with oily hair. Retailers point to problems with other oily hair-oriented brands, including Gee Your Hair Smells Terrific and For Oily Hair Only, as cause for pessimism over Squeek.
- Ivory Shampoo is currently in test market in Michigan and scoring market share figures over 4%. Chains are rubbing their hands in anticipation of getting Ivory, which they feel may challenge Flex in the lower-end price range of the market.
- Colgate-Palmolive is preparing Splendor, another popularly priced shampoo, for a national roll out. The brand was test marketed in 11 Pacific states, but buyers say they don't have much to "judge" Splendor by and are taking a wait-and-see approach.
- As far as Clairol's Essence line, retailers are inundated with sku's. Many chains including Duane Reade, Perry and Walgreens have all seven sku's, others have skimmed the brand to four.
- Conair is planning to unveil Advent by Jheri Redding, an upscale natural product. Buyers, who say professional brands get hotter every day, expect this wil' be a winner.
- And finally, Klorane, which was launched last year, continues to "quietly" grow in sales. A Duane Reade manager says Klorane is "one of my best sellers," and he attributes its success to word of mouth.

Food stores outrank drug outlets in shampoo sales

Source: A. C. Nielsen

Many of the new shampoos on the market are aimed at a specific segment of shoppers. J&J's Affinity, for example, is designed for women over 40.

Drug store buyers are skimming slow movers to make shelf space for the six major new introductions such as the seven-sku Clairol Essence line.

Chains hit mousse trail armed with ad budgets

Continued from page 55

approximately $14 million to promote Free Hold mousse, a mass market version of its Valance salon formula, L'Oreal quickly generated interest among drug retailers at the show.

Alberto-Culver soon followed with a mousse product of its own called Alberto Mousse European Styling Foam. At presstime, Culver was just breaking its $15 million print and television advertising campaign.

Unlike L'Oreal's mousse, the Culver entry is available in two formulations—normal control and extra control. Culver's mousse is sold in only one size, a 6.3-oz. canister with a suggested retail price of $3.79, while Free Hold is available in 2.5-oz. and 5-oz. containers, with suggested retails of $2.95 and $3.95.

Also hot on the mousse trail are Richardson-Vicks, which has a Vidal Sassoon mousse and Conair with its line of Jheri Redding mousse products.

Initially, industry observers said that the mousse market could grow to as much as $50 million during the first year. However, based on the early success registered by retail outlets that figure may turn out to be conservative.

While mousse has been a popular seller among men and women in Europe for some time, drug retailers are admittedly surprised at the way the new category has caught on among American consumers.

"Mousse is the biggest thing to come along in some time," said Keith Murray, a buyer at Lane Drug in Ohio. "It's even selling in Toldeo, which isn't a trendy market."

Eli Cohen, president and ceo of the 22-unit Duane Reade drug chain in New York City, said that mousse represents "the birth of a whole new category.

"Just by putting that product on display in our windows and on an endcap, we moved thousands of dozens in just a few weeks," said Cohen. "It was the best new product I've seen in 20 years."

In fact, where to merchandise mousse may prove to be the biggest problem drug retailers face with this burgeoning category. When drug chains first received shipments of L'Oreal's Free Hold, retailers merchandised the product on floor stands in the hair care department. Endcaps were also popular locations and chains such as Walgreens put mousse in dump displays in its fragrance sections.

As chains have begun to move the new product to shelf locations, mousse has appeared alongside setting gels, near shampoos and conditioners and adjacent to hair sprays.

At K&B drug stores in New Orleans, La., and at the Indianapolis, Ind.-based Hook Drugs, where buyer Helen James sees the product as having more of an appeal to young buyers, mousse has been placed at a 4-ft. section near hair setting gels.

Finding room on the shelf for the mousse products has become more of a problem for drug chains as new mousse entries have hit the market. While most chains have taken on the L'Oreal, Culver and Sassoon versions, there has been some resistance on the part of buyers to carry the full line of Jheri Redding mousse.

Some buyers have privately questioned the need for a chocolate mousse for brunettes, a strawberry flavor for auburn hair, lemon for blondes and a neutral, which can be applied on any color hair.

"We have the neutral Jheri Redding," said a buyer for a major drug chain based in the South. "I didn't want the flavors. I don't want to see some kid eating it by mistake. If people drank sunlight [a new dish washing detergent mailed to sample homes], imagine what will happen with chocolate mousse."

Generally, retailers have said that the narrow cylindrical containers of mousse have been less of a problem to fit on shelves than the numerous shampoos that have been introduced during the past year.

"Prior to this a few years back we had an infusion of new hair sprays," said Bob Layne, a buyer at Wellby Super Drug in Portland, Me. "Now that was a killer."

Layne, like many of his fellow buyers, said it is still too early to tell if mousse will steal from hair sprays and gels. "It really hasn't been around long enough to measure."

But Layne is certain that mousse is here to stay. "It's a permanent category in Europe," he pointed out, "and I think it will settle down to be a stable category here. L'Oreal will make sure of that."

Mousse is characterized by drug chains as "one of the most exciting new categories" to emerge in the past few years. L'Oreal's Free Hold mousse is credited with breaking open the business.

MERCHANDISER

Drug store share slips in perms, colors, sprays

Slowly but surely, food stores and mass merchandisers are nibbling away at the drug store's market share in the four categories that round out the $3 billion hair care category.

The categories—perms, colors, hair sprays and accessories—were once totally dominated by drug chains. However, other retailers have taken aggressive positions in these categories and have grabbed away some market points. Following are the current trends in each of these important category areas:

Hair color: The aging of America portends well for the $500 million hair care business. That comes as good news to retailers who report sales have been sluggish over the past few years. Growth has inched up only 3% in units per year and only about 25% to 35% of today's women color their hair.

But retailers hope that as the total number of women over 40 approaches 50 million by 1990, hair color sales will blossom.

Manufacturers are already anticipating the activity. Jhirmack is readying a new color product for national rollout and Clairol has signed Dynasty's Linda Evans as a spokesman for its brands.

According to a Clairol representative, space and selection are the two keys to selling hair color. It has been drug outlets' willingness to devote almost 70 ft. to hair color that has gained them 61% of the market. "However," the source added, "drug operators haven't made their departments any larger since 1978, while supers have increased from 9 ft. to 13 ft."

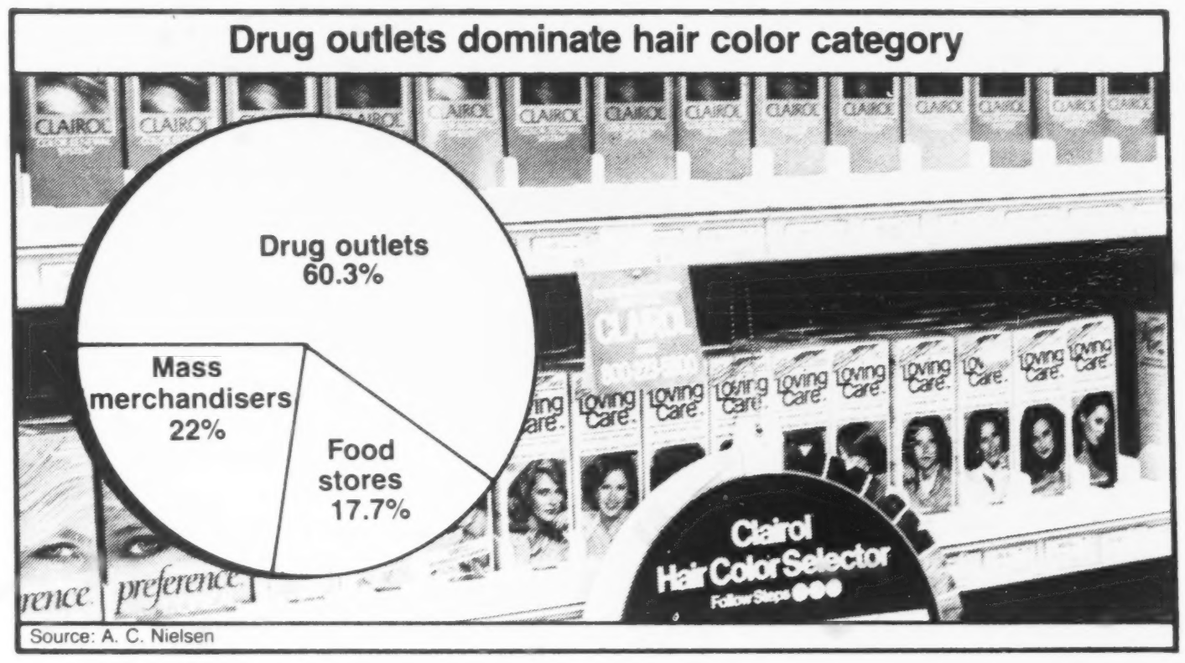
He also feels giant combos are heating up the battle in hair color because "they have the traffic and the selection." This source predicts drug outlets' color gains for 1983 will only be 2% vs. a hefty 12% for food outlets and 11% for mass merchants.

Drug retailers contacted by *Drug Store News*, claimed they're preserving their business by promoting color in more ads, including education at point-of-purchase and staying in stock on the hottest colors. "If a customer can't find her color," a buyer said, "she'll leave the store and take her other health and beauty aid business with her."

The current best sellers include Nice 'n Easy, Preference, Miss Clairol and Loving Care. Market share by vendors breaks down this way: Clairol 62.3%, L'Oreal 16.9% and all others 20.8%.

Hair perms: Four years ago, home perming was at its peak, and drug stores commanded an impressive 60.5% market share. Now the perm business has leveled at the same time, drug stores lost almost five percentage points.

Last year, Clairol debuted a semi-permanent "perm" that allowed a customer to test a perm that could be washed out. The goal was to bring in new users and Clairol cleverly placed a coupon for its Kindness perm in each of the Party



Perm boxes. Although drug chains liked the product, it didn't move as well as expected. Furthermore, there are no other new product slated for introduction into this category, leaving buyers still cautious about 1984. The current best movers include Ogilvie, Rave, Toni and Lilt.

Hair Sprays: Following the introduction of mousse, buyers braced for a downturn in the $420 million hair spray market. However, as mousse began to move, buyers saw no change in sprays. The fact is that mousse seems to cannibalize gels rather than sprays.

"It's a different user," explained Hook's Helen James.

If anything, buyers say, hair sprays continue on a growth spurt, with 1983 sales up a projected 25% throughout all outlets. The success of the category enticed Helene Curtis to extend its popular Finesse brand with a hair spray which buyers say is moving "briskly."

The current fastest sellers and last year's best performers were Aqua Net, Final Net, Miss Breck and Jhirmack.

Hair accessories: Once dominated by Goody, other hair accessory manufacturers are taking a stab at the $500 million business. Sales rose about 10% last year, with drug stores accounting for about 30% of the business and food stores 31%. Among the companies increasing stakes in accessories are Wilson's Wilhold brand and Tip Top.

Candie's: in search of the teen 'mall bunny'

DuCair Bioessence is out hunting mall bunnies.

What's a mall bunny and why is DuCair interested? A mall bunny, according to DuCair's president, Howard Hirsch, is a teenage girl with a hefty allowance who prowls malls (and strip centers) searching for new and fashionable goods. Hirsch is interested in gaining this customer with DuCair's new Candie's cosmetics line, which it recently acquired from Helena Rubinstein investors.

Faye Brookman
COSMETICALLY SPEAKING

The Candie's line, he says, is perfect for this customer and fills a niche in the market. Drug stores are a perfect outlet for Candie's because teen girls tend to purchase most of their cosmetics products in drug stores.

That's why one of DuCair's top priorities in drug stores is to regain its former position which had faltered after the former owners pulled back some of their support for Candie's.

"We're trying to get back to Candie's phase I when it was introduced to chains," Hirsch told *Drug Store News*. Indeed, Candie's had a successful launch last year and has the potential—via its strong licensed name—to do gangbusters in drug stores. As proof, consider the $400 million worth of Candie's shoes sold through department stores last year.

DuCair will market Candie's via a new affiliate company called Lifestyle Cosmetics. All Candie's representatives have been retained, including Roger Lewis, national sales manager. He'll report to DuCair's Bob Farrell. Val Formica will serve as marketing director. DuCair's challenge will be to prove it can run a year-round color business as successfully as it operates the Strawberry Shortcake line.

The company will also be put to the test to see if it can revive Candie's. Hirsch promises more creative promotions and increased advertising (that's in addition to the $8 million spent on brand awareness TV ads by Candie's licensees). He also says he'll rectify past mistakes.

"For example," he says, "last year they shipped Christmas prepacks with 144 pieces—that's too heavy. We'll address the prepack size problem." New color promotions will be scheduled and a fragrance will debut later this year.

Candie's is indeed a well-known brand and can help catch young shoppers. Why not catch a mall bunny today?

"There's an interesting item on my desk right now," said one chain drug buyer when asked if she'd seen anything new. She was referring to Swiss Spa Products Inc.'s new Custom Color: Create Your Own Nail Enamel Kit. This is a new product with four nail colors and a chart showing how to develop over 30 colors. Bill Stewart, formerly of Jovan, is sr. vp of Swiss Spa Products.

On to Christmas 1984 . . . buyers are currently viewing vendors' offerings for this Yule. To date, many have expressed interest in Houbigant's Lutece. One buyer called it "the most exciting new thing I've seen." Lutece has an oriental look with a sapphire and gold package. It will probably go head-to-head with Charles of the Ritz's new Forever Krystle. Forever Krystle is tied in with the popular Dynasty TV program, which features a character named Krystle Carrington. Forever Krystle will retail for about $9 for the eau de toilette, while the Lutece version will be slightly less expensive at $7.50.

* * *

Interactive cable TV is coming to the cosmetics business . . . Warner Cosmetics will begin promoting its Ralph Lauren makeup on Qube via half-hour shows running for two weeks in four markets. The program will feature demonstrations of Lauren cosmetics and will offer viewers a complimentary makeover using Lauren products at a participating store. Viewers will be invited to press the Qube consoles to request the makeover. Participating stores are Lazarus, Pogue's, Kaufman's and Neiman-Marcus. The Qube system provides Warner with a potential audience of close to 300,000 households.

Warner will debut five new Vanderbilt items this fall. There will be a rich lathering body shampoo and body silk, a body creme, a body spray and a soap.

* * *

Other new items include: Aziza's new Color Fix tagged as the first eye color primer to more than double eye shadow wear time for a crease-proof look. Following Arden's success with Lip Fix, Aziza looked to its R&D department to devise something for eyes, and this is its entry. The suggested retail for a 0.68-oz. tube is $5.

Sashiba's new stick-on nail jewelry was on display at the Chain Drug Stores Housewares Exposition and caught the attention of a host of chains. The stickers peel off and a customer can stick them onto her nails. Chains already slated for the stickers include Walgreens and Dart.

And, Regency Cosmetics is introducing Tawanna, a "provocative" fragrance that will retail at $7 and up. Eckerd is among the chains slated to feature Tawanna.

Special report on ethnic products

Rising population, new items fuel ethnic market

Black-oriented mix expands to toiletries, apparel

With the ethnic health and beauty aids market growing at a dramatic 15% to 20% annually, drug chains and high volume independents are starting to enrich their ethnic mix.

Many retailers are expanding their existing departments to include a wide variety of personal care needs such as skin creams, hair colorings, pantyhose and soap in addition to the traditional high turning hair care needs.

At least one chain, Walgreens, has acknowleged the need to expand into broader products by changing the title of its ethnic H&BA buyer, Rich Robinson, to buyer of black trade products.

Other chains are starting to advertise ethnic H&BA more frequently and to give them more endcap space inside the stores. Hook's Drug in Indianapolis has started to bring consultants into its stores to answer shoppers' questions.

To Lafayette Jones, executive director of the American Health and Beauty Aids Institute, this growing aggressiveness on the part of drug store retailers "signals expansion and the recognition of the needs of black shoppers." Jones says he sees an "improved effort" on the part of many drug chains to make their shoppers aware of their ethnic sections.

Retailers, on their part, report that the more attention they pay this category, the more it pays off. One West Coast chain is currently pumping out over $1 million a year in some of its ethnic departments. Revco's ethnic sales are ahead of toothpaste sales—$14 million in 1982 compared to $11 million for toothpaste. Even smaller chains are doing well with this category: Drug King, a 20-unit chain based in California, is currently ordering between $6,000 and $9,000 worth of merchandise every three weeks to keep up with demand.

According to industry statistics, drug chains and high volume independents are currently capturing about 45% of the $1.5 billion ethnic hair care category and the numbers are growing. About half the category's current sales are in hair care products, traditionally the backbone of a typical drug store ethnic department.

What fuels this department is a combination of a swelling ethnic population, increased incomes and the introduction of new in-demand ethnic items. Blacks, who currently represent 12% of the American population, have a distinctive need for hair and skin care products formulated just for them.

It wasn't until the 1960's that the first black hair care products appeared on the mass market, but the real explosion came in the 1970's with the introduction of the California curl. That one look necessitated the purchase of a barrage of supplemental products.

In less than five years, the curl style created a market of $143 million in activator sales and $79 million in kit sales (see related story on p. 64), according to Business Trends Analysts.

Now the curl product category is stabilizing, however, leaving future growth to come primarily from the following areas:

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Blacks and Hispanics represent two of the fastest-growing categories for chain drug stores. Sales to black consumers are up 15% to 20% while chains are experiencing a 10% jump in Hispanic traffic.

The ethnic category is growing at a compound growth rate of 10.8% compared to only 7.9% yearly for all general market toiletries and cosmetics.

Inside Special Report

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Hispanic market continues rapid growth pattern

According to figures compiled for the 1980 census, there are currently more than 14.6 million Hispanics living legally in this country, a 61% increase over the decade of the 70's.

In addition, Government sources estimate that there are another six to eight million Hispanics living in this country illegally.

Because of this population's high birth rate and an increasing level of immigration, the Hispanic market is expected to grow at a rate some 6.5% faster than the population at large.

Drug chains are translating their ads into Spanish to tap into the $60 billion Hispanic market.

Hispanics are particularly expected to congregate in markets where they already have a presence—such cities as New York, Los Angeles, San Francisco, San Antonio, Denver and Miami.

Because many Hispanics are "upwardly mobile," this market holds a particular fascination for drug store retailers, and many top chains are now stepping up their efforts to court these shoppers.

Eckerd, for instance, is now advertising in Spanish in its Florida markets. Walgreens, Revco and Gray are using spinner racks to call attention to new lines like the popular Que Guapa.

Suppliers, like Judith Lynn and Ben Sheftall, are creating new planograms designed to show retailers how best to move product and court shoppers in this growth category. They are encouraging retailers to stock more of the specialized products, like toiletries, that Hispanics traditionally search for.

"You need to carry products Hispanics are familiar with," says Lou Orenstein of Judith Lynn.

"You have to tailor your mix," says Richard Eichholz of Ben Sheftall. There are at least four distinct groups into which a Hispanic shopper can be cataloged, and each group has its own unique differences, he said.

"What sells in Miami doesn't always sell in Atlanta," points out Eichholz.

Retailers themselves are saying they

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Special report on ethnic products

Chains expand ethnic mix in growing market

Continued from page 61

Hair Color: Hair colorings are a dynamic category for retailers. The black consumer is currently spending an estimated $50 million a year on ethnic hair colors. According to research from Carson Products, as many as 25% of all black females color their hair. Their research also shows that 85% of all shoppers who buy a hair coloring continue to repurchase it in frequencies ranging from a purchase once every two to six months.

"The influence of Europe has caused many women to go lighter with their hair," says Joe Atkinson of Carson Products. Carson, which just introduced three new light shades, hopes to generate sales from shoppers who didn't buy before because the colors were too dark.

Buyers for drug chains are saying they expect the new colorings to add at least 10% to hair color sales. They also report that positioning ethnic hair coloring products in the hair coloring section rather than in the ethnic hair care section can increase sales as much as 20%.

"When you go shopping for hair color, you look where there are other hair colorings, not in hair care," says Atkinson. Revco, Walgreens and K mart, among others, are now adopting this strategy.

Skin creams: According to Business Trends Analysts, blacks use skin creams more frequently than whites because they tend to have drier skin. One popular seller right now, according to several buyers, is Soft Sheen's Cocoa Creme Butter, a deep moisturizing cream.

Cosmetics: Ethnic cosmetics are showing signs of life, according to a recent survey of ethnic suppliers. Yet buyers think that the real potential of this section won't emerge until manufacturers come up with more products better tailored to the black woman's needs.

According to Business Trends Analysts, less than half of the $348 million that blacks are expected to spend on cosmetics will go to ethnic products. The report concludes that the lower sales do not reflect a lack of demand, but instead "inadequate availability" of good products.

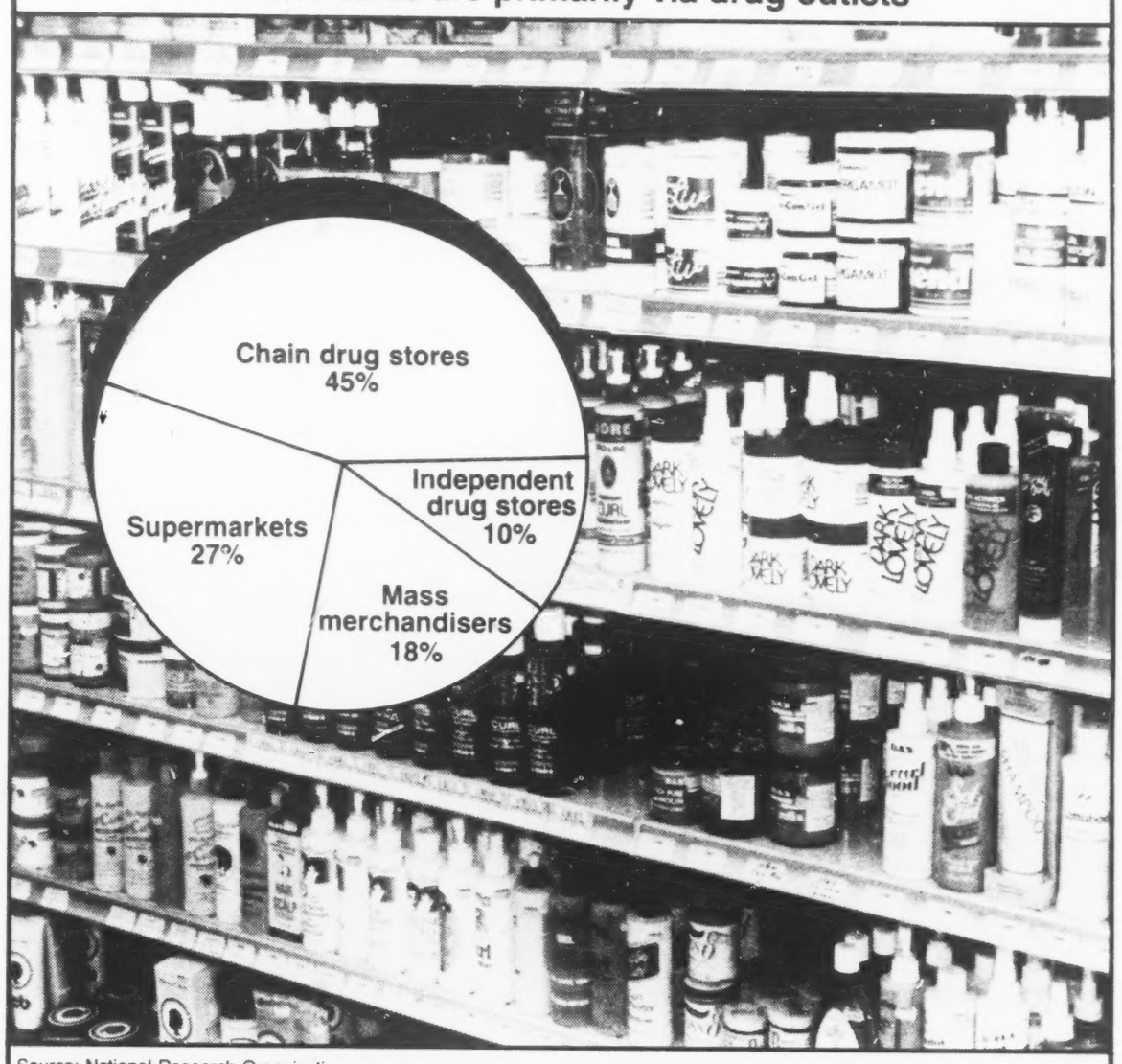
Fragrances: According to Helen James, the buyer for ethnic products at Hook Drug, prestige fragrances move very well in black markets. However manufacturers have not yet started to exploit this trend. To date, just Prince Matchabelli, MEM and Coty are advertising their specially formulated scents in the black media. Still, according to Business Trends Analysts, blacks will spend over $247 million on fragrances annually and their per capita spending is 10% above the national average.

Other items: "I'd rather put black pantyhose into the planogram than cosmetics," said one distributor referring to the overwhelming success of black oriented hose. Brands such as Afrotique have won over shoppers because of their special fit and colors aimed at the market.

Blacks use proportionately less shaving preparations than other races. But, because a 65% share of black men suffer from pseudofolliculitis, or razor bumps, there is a growing need for shaving powders. Here again, drug chains report greater success by merchandising powders with shaving items rather than in the ethnic department.

In the next decade, manufacturers' sales of toiletries and cosmetics consumed by blacks will rise from $2 million in 1983 to $5.6 million in 1993, according to Business Trends Analysts. This represents a compound annual growth of 10.8% in sales, significantly higher than the 7.9% rate for all toiletries and cosmetics.

Ethnic sales are primarily via drug outlets



Source: National Research Organization

Drug chains are reporting increased sales of not only ethnic hair care items, but facial creams, pantyhose and soaps as well.

Ethnic cosmetics are starting to move in some chains who have devoted adequate space. According to Business Trends Analysts, there is definitely a need for specialized cosmetics.

Special report on ethnic products

Today's black women seek hair styling variety

By Rose Porper

Because black women in the 80's seem to want to experiment with a wide variety of beauty images, fashion consultants are advising retailers who feature ethnic products to carry a broad product line.

Today, fashion writers point out, there are a number of black "looks" sweeping the nation, ranging from the sophisticated and glamourous to the trendy and career minded.

"Retailers should carry products that address every need," says Angela de Joseph, president of Adj Enterprises, a Chicago-based image consultant firm and editor of *Sophisticate's Black Hair Styles and Care Guide*. And, of course, they should adjust their merchandise mix to cater to the needs of the black shopper in their particular community, she added.

In terms of hair style trends, she points out that relaxed, straight hair styles are back and that means there should be a jump in relaxer sales this year. "Hair is being swept up and away from the face in high sculpted 'antihead' forms requiring setting gels and mousse to hold the shape," she said. De Joseph advises retailers to stock up on no-lye relaxers, conditioning relaxers, hair setting gels and conditioners made for relaxed hair. "I'd strongly suggest limiting the number of curl maintenance products to those that accompany a kit and the leading brands."

Younger shoppers in blue-collar groupings will generally prefer the "trendy" look perceived by consumers as a curly or wavy style and popularized by singer Michael Jackson. Says De Joseph, "Urban black males will make the switch from curly perms to style kits that deliver waves, curls and manageability without the use of rollers. There will still be a growth in the curl area, but only in the South and more rural areas."

Mikki Garth, beauty editor for *Essence* magazine, thinks that retailers can also expect to see an upsurge of mousse sales in the ethnic hair care category.

She points out that mousse can be used to create different looks because it "adds versatility" to black hair. It will probably surplant gels because it has "a less tacky finish," she adds.

Garth advises retailers to stock at least five or six types of instant conditioners because it's important to meet the needs of different hair types. She also anticipates an increase in sales of temporary hair colors, and she cites Clairol's Color Renewal System as a particularly good brand to carry.

Garth recommends retailers carry the best-selling brands and full lines within those brands. "If a shopper uses Revlon, she'll use all their items," she says.

She also warns that if drug stores don't carry full lines, their shoppers may desert them for department stores where full lines are readily available.

Drug store retailers may also be underestimating the price points they can carry with black health and beauty aids products, Garth says. "Black shoppers are concerned with quality and will pay twice as much for a product if they believe it works."

In other health and beauty care areas, Garth sees opportunity in facial moisturizers. "People are realizing that even oily skin needs moisturizers."

According to a recent *Essence* study, blacks tend to be twice as likely as whites to be heavy users of bath/shower additives for total skin care treatment.

"Black shoppers are concerned with quality and will pay twice as much for a product if they believe it works," says Mikki Garth, beauty editor at *Essence*.

"Black hair goes straight, sculpted and sophisticated this fall," says Angela de Joseph, editor-in-chief of *Sophisticate's Black Hair Styles and Care Guide*, a publication directed at black women—prime purchasers of ethnic H&BA items. Sophisticate's black hair fall collection.

Sales of curl kits flatten, but look remains a staple

There's no denying that the California Curl look is flattening out in most retail markets. The curl, which was the impetus behind hefty ethnic hair care sales increases, is giving way to the wave or a short and sculpted look.

"The curl market just is not what it once was," reported Jerry Davis, president of Paul Sundries Inc., a distributor who services Longs, Sav-On, Pay 'n Save, Pay Less and Drug King. "Pomades are starting to sell better."

Richard M. Eichholz, president of Ben Sheftali Distribution, agrees. "We have seen the wave become stronger. Hair is shorter and the biggest thing we've seen are the no-lye relaxers."

However, despite a slackening in sales, retailers report that curl products still move, especially in certain geographical locations.

The South, for example, still has a higher percentage of sales of curl kits, according to sources at Begley, Taylor and Eckerd.

Added Kirk Bright of Bright Distributing, "These items may have reached a plateau, but sales have not slackened at all."

One Southern-based retailer said he doesn't feel the style will ever die out because "women would have to keep cutting their hair off and that's expensive. We just won't see the same 20% to 30% sales gains." Many believe the curl will eventually become just another alternative hair style.

Presently most retailers are leaving shelf space for curl kits and maintenance items intact. However, additional space is being cleared for the new gels, mousse items, setting lotions and no-lye relaxers that are gaining in popularity. Carson, for example, just launched a new upscale no-lye relaxer called Excelle, and many chains plan to carry this new entry.

The AHBAI, which has tracked both unit and dollar sales to help determine how much shelf space each category should receive, found that in 1982 conditioners and hair dressings produced 47% of unit sales and 29% of dollar sales; blow out cremes and relaxers garnered 11% of units and 21% of dollars; curl activators, 17% of units, 20% dollars; comb easy lotions, 17% units, 17% dollars, and hair spray sheens, 3% units, 2% dollars.

Drug chains report a slowdown in sales of products used to get the curl look.

Special report on ethnic products

Most chains buy ethnic items from distributors

Although several major chains have brought their ethnic buying duties in house, the majority of drug chains still rely on outside sources to supply ethnic items.

That's the conclusion of a telephone survey of 25 of the top chain drug stores who also said they don't expect to revamp their buying strategies within the next three years.

Only 24% of those contacted by *Drug Store News* replied that they buy the items internally. In most cases, these were chains like Peoples and Walgreens with ethnic departments in many stores. Same chains, such as SupeRx, reported that they combine both direct service with "fill in" supplies from distributors.

Only about 2% of those contacted expressed interest in changing from an outside source to direct. There were a few, however, who expressed concern over the product selection and service of suppliers. "We get five good items and five dogs," replied one source. Another added, "We can get a better profit and benefit from co-op ads by going direct."

However, most chains still feel that the market changes too fast, making it too hard to buy internally, "We bring 90% of our merchandise through the warehouse, but we use a wholesaler to select the items," explained Hook's Helen James.

The suppliers most mentioned include:

Chain drug stores are increasing their commitment to the ethnic category with the average department now about 8 ft.

- Judith Lynn Supplies based in Bensenville, Ill., and serving chains including Thrift and Osco.
- Beauty Enterprises based in Hartford, Conn., with customers including CVS, Adams, Medi Mart and Fay's.
- Ben Sheftall Distributing in Savannah, Ga., which services many chains including Eckerd, Gray and SupeRx;
- Standard Drug Supply in Detroit who supplies Arbor, Apex, Sentry and Perry.
- Bright Distributing Co., a Louisville, Ky.-based source to Taylor, Begley, Hook and Zayre.
- Paul Sundries, a large West Coast source to Longs, Sav-On, Pay 'n Save, Pay Less and Drug King.
- Jack's Service Company, an Oklahoma City, Okla.-based company serving various chains throughout the country.
- North Avenue Beauty Supply, a Baltimore-based source.

The *DrSN* survey determined that most chains now carry an average department of 8 ft. of ethnic supplies, but plan to expand that space during 1984.

Those contacted said their major threat is the growing emphasis mass merchandisers, beauty and barber and food stores are placing on this category which yields attractive gross margins of 45% and up. Drug outlets currently control about 45% of all sales, although suppliers have pointed to a slight erosion of that share by food units and mass merchants.

"Drug stores don't have the discipline food stores do," explained Eichholz. "That results in frequent out-of-stocks. But, if you go to a supermarket and they're out of milk, you'll go elsewhere. It's the same with ethnic shoppers."

Therefore, the challenge for drug chains has been to arrest their out-of-stock situation which often ranges as high as 15%.

"We've already seen chains lose business to beauty and barber and military outlets," explained Jones at the American Health and Beauty Aids Institute.

One chain the AHBAI credits with building and maintaining its business is SupeRx who recently received the organizations award for "Excellence in Leadership." SupeRx becomes the second drug chain to take the honors; Revco won last year. SupeRx was in good company with Supermarkets General (Pathmark), which copped honors in food and Woolworth's who was awarded in the mass division during a recent AHBAI conference.

Bilingual ads woo growing Hispanic population

Continued from page 61

must get more aggressive in reaching out to this market. A Walgreens source, who points out that 60% of Hispanic women can't read English, asks, "How can you sell them if you can't reach them?"

Like Eckerd, Walgreens is also translating many of its radio and newspaper ads into Spanish.

Manufacturers are also lending their support to courting this market by sponsoring advertising campaigns featuring Hispanic spokesmen. Procter & Gamble, for instance, uses the rock group Menudo to promote Crest while Glenbrook Labs uses soccer star Pele for Panadol.

Yet, despite the stepped up marketing efforts, some chains are playing it cautious. "We don't feel it would be meaningful in our market," explained one Midwest source.

Another buyer agreed, "We're not sure Hispanics have special needs like blacks have for their hair." These chains are taking a wait-and-see attitude before adding Hispanic lines.

Kent Humphreys of Jack's Service Company said he is testing programs in some chains. He believes that bilingual packaging is more important than specialized products.

But even bilingual packaging can vary by region because of the fragmented Hispanic population. Within the distinct groups are language variations. "One word means one thing to a Mexican, but it might be something obscene to a Cuban," pointed out one source.

The principal groups are Mexicans who make up 60% of the United States Hispanic population, Puerto Ricans with 15%, Cubans with 7% and the remaining 18% comes from all other Hispanic countries. All have varying needs in addition to different languages. Mexicans, for example, have straight hair and bronze skin while Puerto Ricans have kinky hair common to blacks.

"That's why it's important to know your market," claimed a Walgreens' cosmetics supervisor. "I tailor my promotions and ads to what I know are my customers. . . . The Hispanic business is booming and I wouldn't miss out on it for the world."

U.S. markets with high Hispanic penetration

Metro area	Hispanic % over age 12
McAllen-Brownsville	86.2
El Paso	63.5
Corpus Christi	47.8
San Antonio	44.5
Miami/Dade County	41.3
Albuquerque	32.4
Los Angeles	30.0
Fresno	26.3
Salinas/Monterey	24.7
New York	20.0
Tucson	18.6
Sacramento/Stockton	17.3
Phoenix	16.7
San Diego	15.0
Houston/Galveston	14.4
Denver	11.5
San Francisco	14.0
Dallas/Fort Worth	9.0
Chicago	7.6

Source: Strategy Research

Key facts about the $60 billion Hispanic market

- There are currently over 22 million Hispanics living in the United States: 15 million legal residents and some six to eight million "illegal residents."

The Hispanic population is currently growing 6.5 times faster than the general public.

- If the Hispanic population continues to grow at its current rate, it will reach 40 million people by 1990, and it will become the nation's dominant minority group.
- Ninety per cent of all United States Hispanics speak Spanish.
- Sixty-three per cent of all United States Hispanics consider Spanish their only effective means of communication with other Hispanics.
- Forty-three per cent of all United States Hispanics only speak enough English to "get by."
- Sixty-three per cent of all United States Hispanics say the Spanish media is either "extremely or very important" to them.
- Seventy per cent of all United States Hispanics watch, listen to or read Spanish media.
- Hispanics show a greater interest than most Americans in quality product and name brands.

Source: Marketing & Media Decisions and Skelly & White Inc.

Special report on ethnic products

Curl look items still dominate ethnic top sellers

Products used to maintain the curl look continue to dominate the list of top selling ethnic items, according to a recently released list from Judith Lynn Sales. However, hair dressings and pomades are picking up steam as blacks aim for a controlled and sculpted look.

Based on sales, vendors suggest the following space allocations: 10% for hair and scalp products, 10% for creme activators, 8% for moisturizers, 8% for nonaerosol sprays, 8% for gel activators, 5% for spray activators, 5% for no-lye relaxers and 3% for curl kits.

In terms of price, the average unit price has risen to $3.87. According to A. C. Nielsen, unit prices in drug stores are higher than those in food and mass merchandise outlets. The average in food is $3.11 and for mass merchants, $3.75.

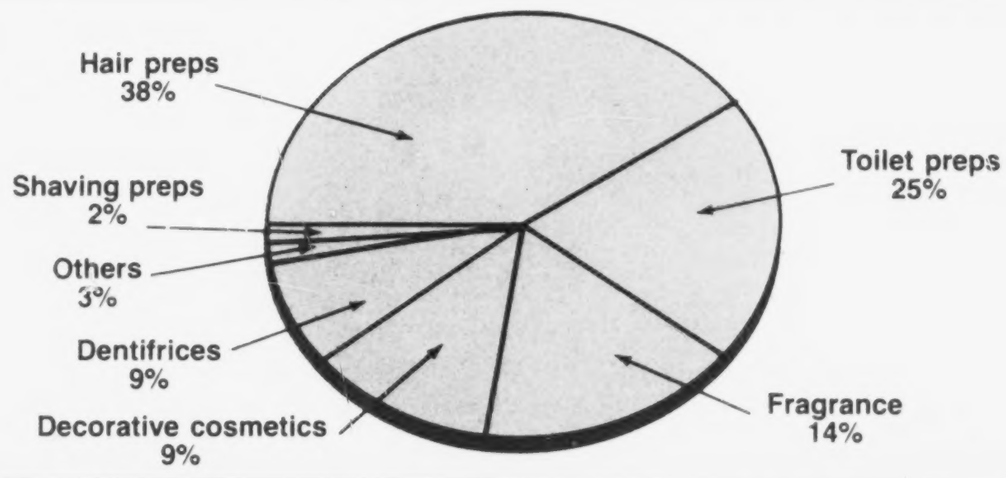
The ethnic market is targeted to hit an all time high of $2 billion this year.

Top selling ethnic products

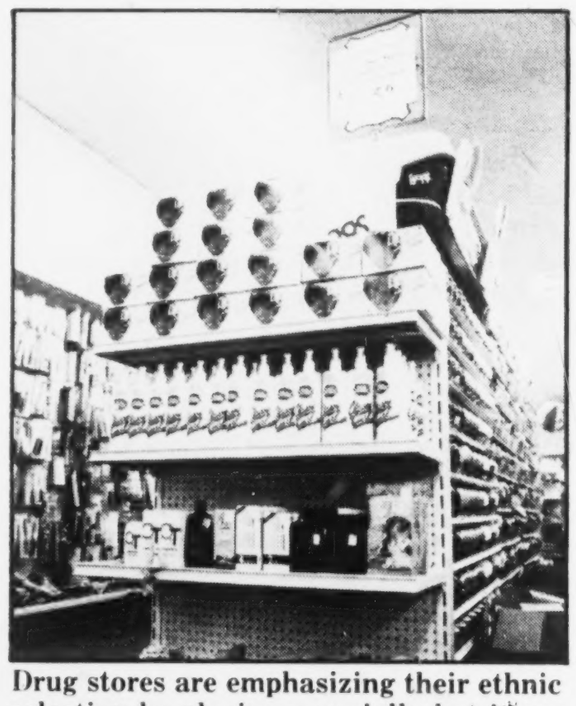
1. Soft Sheen Carefree, 8-oz. moisturizer
2. Soft Sheen Carefree, 8-oz. activator
3. Sta-Sof-Fro N/A, 8-oz. extra dry
4. Ultra-Sheen Condition Hair/Dress, reg. 2 oz.
5. Royal Crown Hair Dress, 5 oz.
6. Magic Shave Powder Gold, 5 oz.
7. Magic Shave Powder Blue, 5 oz.
8. Murray Pomade, 3 oz.
9. Ultra-Sheen Condition Hair/Dress, 8 oz.
10. Dark & Lovely Cream Relaxer Kit
11. Soft Sheen Carefree, 16-oz. moisturizer
12. Luster S-Curl Act/Moisturizer, 8-oz. reg.
13. Sta-Sof-Fro N/A, 8-oz. reg.
14. Queens Bergamot, 5 oz.
15. Soft Sheen Carefree, 12-oz. moisturizer
16. Hair Rep, 4 oz.
17. Magic Shave Powder Red, 5 oz.
18. Ultra-Sheen Condition Hair/Dress Dry, 2 oz.
19. Soft Sheen Carefree, 6-oz. natural gel
20. Blue Magic Conditioner, 12 oz.
21. Soft Sheen Carefree, 4-oz. wave activator
22. Posner Bergamot, 3.5 oz.
23. Sta-Sof-Fro N/A, 16-oz. extra dry
24. Blue Magic Bergamot, 12 oz.
25. Gentle Treatment Cream Relaxer Kit

Source: Judith Lynn Sales Inc.

Product mix of items used by blacks



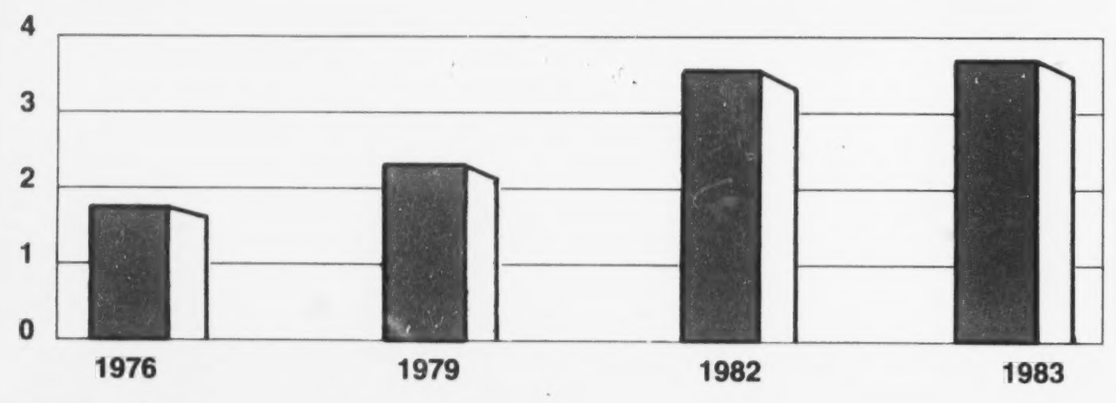
Source: Business Trend Analysts



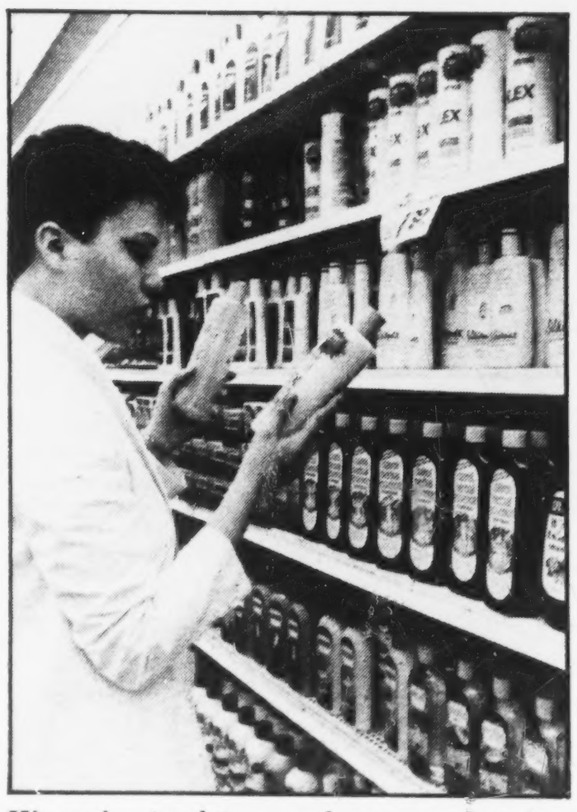
Drug stores are emphasizing their ethnic selection by placing especially hot items on endcaps.

Black shoppers prefer to find black cosmetics merchandised with other brands rather than a separate department.

Average unit price for ethnic hair care sold in drug stores



Source: A. C. Nielsen



Hispanics tend to spend more and to be more brand loyal than Caucasian shoppers.

Blacks not only spend a hefty amount on black hair care items, but also proportionally buy more health and beauty aids.

PHARMACY
Rx ads get cool reception at D.C. meet
—p. 13

MERCHANDISER
Media attention adds muscle to calcium sales
—p.35

DRUG STORE NEWS

Vol. 6 No. 12 | **Serving the Retail Drug Store Industry for 55 years** Published by Lebhar-Friedman Inc. | May 28, 1984

New York City's Manhattan Eyeland, a 20,000-sq.-ft. super optical center, offers hundreds of styles of frames ranging in price from $20 to $32,000.

10,000-sq.-ft. superstore to open

Eckerd raises eyecare sights to include megaoptical unit

By Gail Appleson

CLEARWATER, Fla.—The Jack Eckerd Corp., an 11-year veteran of the eye care business, is taking its expertise one step further with a plunge into the optical department store market.

According to industry sources, Eckerd Optical will open a 10,000-sq.-ft. super store, called Vision Works, in Clearwater's Sunshine Mall this summer. Eckerd is also considering other sites.

The Eckerd store will be part of a new breed of vision centers, called megastores or megaopticals, that range between 6,000 and 22,000 sq. ft. and offer several hundred styles of frames and as many lenses. Currently there are about 20 of these centers, all less than a few years old.

In fact, one of these stores is in the Miami market. Eyeworld, a 22,000-sq.-ft. center owned by the Detroit-based D.O.C. Optics Corp., opened in Hialeah in January.

It's not surprising that Eckerd should once again be on the forefront of successful developments in the optical business. The drug chain made its mark in 1973 when it acquired two optical centers in the west coast of Florida. Today the chain has about 150 centers, most of which are inside drug stores.

Opticians in Eckerd Optical Centers fill prescriptions for eyeglasses and offer full lines of standard and fashion frames. More comprehensive vision care is offered by independent professional optometrists at 40 centers. Eckerd also has three labs where eyeglass lenses are edged and fitted into frames.

Industry observers said that Eckerd's decision to open this type of optical center is part of the national trend toward corporate ownership of the abundantly stocked, full service megastores where lenses are made, as opposed to individually owned stores where lens work is often sent elsewhere.

For example, Quaker Oats—the diversified holding company primarily known for its cereal products—last year entered the eye care business by paying some $10 million for an eyewear chain called Eyelab, with stores in New York and New Jersey. Eyelab started the mega trend

Continued on page 51

Medicare-Glaser: Walgreens Rx ads confuse shoppers

By Liz Parks

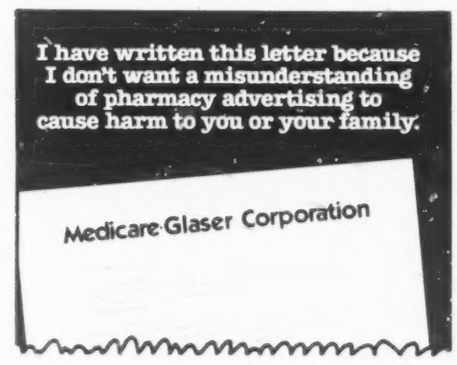
ST. LOUIS—Medicare-Glaser has begun warning consumers in its metro St. Louis markets that Walgreens television ads stressing the added security of their Intercom Pharmacy Computer System could be dangerously misconstrued.

The warnings, which come in the form of full page open letters published in three major area newspapers under president Harlan Steinbaum's signature, are an attempt to offset what Steinbaum and other Medicare-Glaser executives describe in their letter as "advertising that is creating a dangerous misunderstanding."

Steinbaum's letter does not name Walgreens directly but it specifies that except for Medicare-Glaser no other retail drug chain in St. Louis has the capacity to monitor drug interactions.

Walgreens and Medicare-Glaser are the two leaders in the St. Louis market but Medicare-Glaser, which has spent eight years developing a pharmacy computer system, has been advertising the system in this market for three years. Walgreens, which recently completed a chain rollout of its Rx computer systems, began advertising on television about eight months ago. So far, Walgreens is the only other chain retailer in this market to advertise pharmacy systems.

At a casual glance, the two


I have written this letter because I don't want a misunderstanding of pharmacy advertising to cause harm to you or your family.
Medicare-Glaser Corporation

systems are similar but the Medicare-Glaser systems called Medicom can monitor drug interactions while the Walgreens Intercom System, according to local Walgreens pharmacists, "are still a long way from providing that service."

Walgreens ads here do not specify that the system can monitor drug interactions, but last month an ad broke that Medicare-Glaser executives think creates "misunderstandings." Medicare-Glaser executives say that certain elements in the ad allow consumers to infer that the computer can do everything a Medicare-Glaser computer can do, including monitor drug interactions. Walgreens management commented that "even though we aren't mentioned by name, we ob-

Continued on page 51

Imasco names Fantle chairman of Peoples

ALEXANDRIA, Va.—Sheldon W. Fantle, president and ceo of Peoples Drug Stores, has been named to the additional post of chairman by the chain's new parent Imasco Ltd., the Montreal-based conglomerate.

The announcement came only days after Peoples' shareholders at a special meeting accepted the $34 per share offer from Imasco, bringing the three-month-long $320 million merger to a successful close.

Sheldon W. Fantle

Fantle's appointment as chairman of Peoples is the culmination of a nine year effort that transformed the Alexandria-based drug chain from a relatively weak, problem-laden chain to one of the leading drug retailers in the mid-Atlantic and one of the nation's largest chains overall.

The 60-year-old Fantle, who also was elected to the board of directors of Imasco, is a 39-year veteran of the chain drug industry. He joined Peoples in 1975 after serving as the president and ceo of Lane Drugs in Toledo, Ohio. Shortly after Fantle took the helm of Peoples, he and former Peoples' chairman

Continued on page 52

Merger talk catapults Jewel stock

CHICAGO—Speculation about a possible merger between American Stores and Jewel Companies sent Jewel stock spiraling upward earlier this month.

Talk of a possible combination of the two food and drug retailing giants surfaced when officials at the Chicago-based Jewel disclosed that a meeting had taken place during the last week of April in Denver with executives of American Stores.

However, Jewel quickly pointed out that "no offer has been made; no offer has been accepted." In addition, the company stated that American Stores had not accumulated any Jewel shares and that it did not anticipate an offer for any of its stock. But despite the obvious attempt to downplay the significance of the talk, Jewel's stock jumped $3.75 to $47.75 immediately following news of the meeting.

Heavy trading of Jewel stock continued through the first two weeks of May. At press-time, Jewel's stock, which is traded on the New York Stock Exchange, closed at $54.

Earlier in April, Jewel was the subject of a flurry of trading activity when it was reported that an inside management group offered to purchase the company for $65 a share. The

Continued on page 51

Late News

MELVILLE CORP., operators of CVS, Marshall's and Foxmoor, announced it had reached an agreement to purchase FNS Sales Inc. FNS is the parent of the successful Freddy's deep discount store in Rochester, N.Y. The deal was reached with shareholders of FNS to purchase that corporation in exchange for Melville common stock. With the proposed deal, CVS becomes another major drug chain to enter the deep discount arena. Freddy's has been one of the most successful of the deep discount formats.

CONTINUING EDUCATION PROGRAM

pp. 21-28